



**Milwaukee County Employees' Retirement System (ERS)  
December 7, 2020 Investment Committee Meeting  
MINUTES**

**Call to Order**

Investment Committee Chairperson Ron Nelson called the Investment Committee to order at 10:05 a.m. on Monday, December 7, 2020. The meeting was held virtually due to Milwaukee County's and the City of Milwaukee's Stay Safe MKE initiative limiting gatherings in light of the COVID-19 pandemic.

**Committee Members Present:**

Ronald Nelson  
Laurie Braun  
Himanshu Parikh  
Fernando Aniban

**Other Pension Board Members Present:**

David Robles

**Others Present:**

Brett Christenson, Marquette Associates  
Chris Caparelli, Marquette Associates  
Erika Bronikowski, Retirement Plan Services  
Tina Lausier, Retirement Plan Services  
Natasha Ford, Retirement Plan Services  
Rachel Preston, Office of Corporation Counsel  
Judd Taback, Office of Corporation Counsel  
Christopher Rahe, IFM Investors  
Lauren Albanese, Financial Investment News

**1. Topic: Chairperson's Report**

Committee Chairperson Nelson offered initial comments. In addition to our agenda items, he indicated that he would like to make sure that the committee review the recent performance of the two managers on the plan's watch list. Also, he noted that the asset allocation study represents a first step in a review of the plan's current required rate of return; possible outcomes include changing the asset allocation or changing the required rate of return.

**2. Topic: Investment Manager Presentation - IFM**

Mr. Caparelli introduced the representative from IFM, Christopher Rahe. The IFM fund has provided 7.7% return over this year and has helped the portfolio. This is an important piece of the portfolio.

Milwaukee County is one of the early investors in this fund in the US, starting in 2009. There are currently 32 portfolio companies and they invest in 25 infrastructure funds. It is the most mature open-ended fund in the world, and 11.5% return since inception as shown on slide 9. The weighted average leverage of 36.3% provides great financial flexibility. The 1-year return is 4.1% - even with the write down in Q1 due to the pandemic, and the fund is on budget for the year where the portfolio currently stands.

The biggest impact due to the pandemic was seen within the transportation sector. Currently there is 10% allocated to airports. The passenger volumes have been down about 95%, leading them to review the correct properties and address options. There weren't any defaults or liquidity issues. Toll road assets were also reviewed. Across seaports, there is less impact as well, with very strong market position. In answer to a question regarding pipelines, Mr. Rahe stated that pipelines represent about 38% of the portfolio. The pipelines have secured long-term contracts for storage which has largely offset the losses from lower fuel consumption. Within the utility space, the majority exposure is in Europe, with exposure across 23 countries. Because it is a required utility there was minimal affects due to the pandemic.

There is a lot of optimism within the entire infrastructure segment.

In answer to a question from Trustee Braun, Mr. Rahe addressed the lower rate of return for 2020, and the expected returns going forward. They expect to see growth in the portfolio, and they expect to pay out distributions.

In answer to a question from Trustee Nelson, Mr. Rahe stated that the rates of return listed on slide 13 are the net since inception for Class A and Class B individually.

**3. Topic: Market Update and Report on Plan Assets**

Mr. Caparelli started with a brief update on the market. November was a really good month for the markets. There also was a significant shift in relative performance between growth vs value. Growth performance still does lead value year-to-date.

There are some estimates in the preliminary Flash Report for November, but there shouldn't be too much of a change when final numbers are received. The fund is \$1.68 million with the year-to-date return at 4.2%. Surprisingly Fixed Income is still the highest performing asset for the year.

Mr. Caparelli continued with a review of the portfolio, including fixed income, hedged equity, and private equity, along with a discussion regarding managers that are currently on Notice or Alert. Mr. Caparelli ending stated that the November Flash Report will be updated with any further data received prior to the December Pension Board meeting.

The Committee has made the decision to go into closed session to address items #4 through #6. Ms. Braun read the Committee into closed session.

**4. Topic: Asset Allocation Study**

Returning to open session after discussion, the committee took no action.

**5. Topic: Investment Consultant Contract**

Returning to open session after discussion, the committee took no action.

**6. Topic: Investment Consultant RFP**

Returning to open session after discussion, the committee took no action.

**7. Topic: Adjournment**

Meeting adjourned at 12:44 p.m.